3/19/87 R4105-3A

17179 00000001 0000 000
Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda MD 20814

STATISTICAL BULLETIN

Volume 20, No. 2, February, 1987

—CONTENTS—

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

- INDUSTRIAL CONDITIONS CONTINUE TO IMPROVE
- LENDING SOME STRENGTH TO THE LABOR MARKET
- BUT INVENTORY GROWTH IS SLUGGISH
- AND THE HOUSING MARKET HAS WEAKENED
- CONSUMER DEMAND STILL EXPANDING
- EXPORT GROWTH REMAINS MODEST
- OUTLOOK • AFTER A SLUGGISH FIRST QUARTER, ECONOMIC GROWTH OF AT LEAST 3% WILL CONTINUE THROUGH THE REST OF THE YEAR

OVERVIEW: Despite the lackluster growth rate in the fourth quarter of 1986, the economy is firmly into its 5th year of expansion, and may even quicken in pace later this year. The meager growth in the fourth quarter resulted from lower, post-promotion car sales, a slight rise in inventory, and a worsening trade deficit. Yet economic growth in the first quarter will reflect a rise in take-home pay as many workers have not fully adjusted their withholding under the new tax code. All of this shows that special circumstances have to be accounted for in assessing where the economy now stands.

The most positive economic development is the upturn in industrial conditions: orders and output are rising and inventory is likely to be replenished; consumer spending has some strength left; investment is still declining, but that may end later this year; and the trade situation is generally expected to improve. The consensus of the **Economic Forecast** is that, following a 2.5% rise in real GNP in the first quarter, the pace will quicken to a 3½% or 4% annual rate in the next 2 quarters.

DOMESTIC MARKET MONITOR

Improved industrial conditions is lending some support to the labor market. Total employment was 0.7% higher in January than 3 months earlier. A number of these jobs, however, were for people self-employed, household and unpaid family workers. Moreover, the unemployment rate stayed at 6.7% in January. And the consensus of the **Economic Forecasts** is that it will remain around 6.7% in the fourth quarter. Indeed, the measure of labor demand is not rising at the moment.

Total hours worked are rising sharply right now, due to strong gains in construction hours and in new jobs. Construction hours were 2.8% higher in January than 3 months before—reversing earlier declines. Nondurable manufacturing hours were 1.5% higher while durable manufacturing was only 0.5% higher. Total hours in private industry were 1% higher in January than 3 months earlier.

Labor demand is not rising at the moment. The Conference Board's **Help-wanted Index** remained level with the previous year. And early returns to the January survey did not show an increase in ad volume. Employers may be more inclined to schedule more hours, if necessary, than hire more workers.

INCOME: Consumer demand is being fueled by a sharp upturn in spending power. Wages in the commodity-producing industry were 1.1% higher in December than 3 months earlier. These wages actually fell 0.5% from December, 1985, through last July. Wages in other industries were 1.6% higher over the latest 3 months—showing no change in trend.

Nonwage income is again growing faster than wages. Rental income has started to rise sharply but dividend payout has not quickened. Altogether, nonwage income was 2.2% higher in December than 3 months earlier.

Consumer borrowing, except on cars, has been rising rather slowly. And, car loans began to slow in November, and continued through January.

Consumer attitudes are also weakening. The Conference Board's **Consumer Confidence Index** fell to 85.6 (1985 = 100) in January. Only 3 months earlier, it stood at 89.8. Both the appraisal of current conditions and expectations for 6 months hence have declined, after remaining quite steady for more than a year and a half.

SPENDING: Retail sales rose in December and fell in January as consumers took advantage of the switch in the tax code—which chiefly applied to car sales. Durable sales, except on cars and parts, were 1.6% higher in January than 3 months before, and nondurable sales were 1% higher. That also indicates consumer demand is still expanding despite a drop in attitudes and apparent attempts to limit any further rise in indebtedness. There is life left in consumer demand even at this late juncture in a long expansion.

CONSTRUCTION: Housing demand has recovered a bit. New, single-family home sales had been declining for 2 months, but a sharp increase in December brought the

Ken Goldstein, Editor

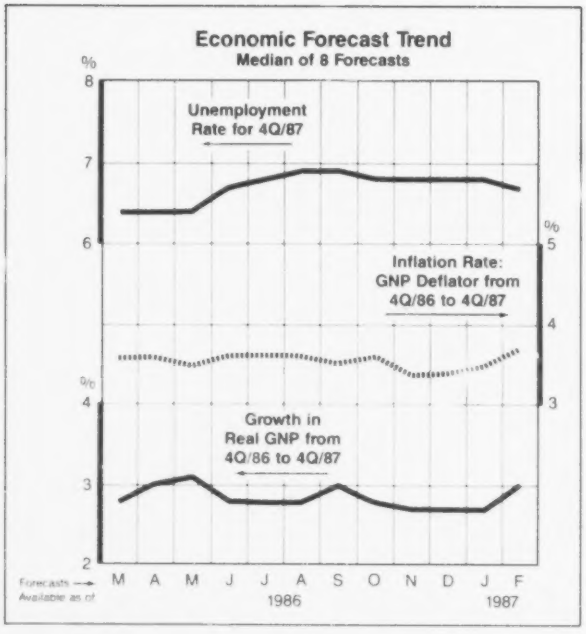
STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

© 1987 The Conference Board, Inc.
845 Third Avenue
New York, New York 10022

The Conference Board, Inc.
Avenue Louise, 207-Bte 5
B-1050 Brussels, Belgium

The Conference Board, Inc.
1755 Massachusetts Avenue, N.W.
Suite 312
Washington, D.C. 20036

The Conference Board of Canada
255 Smyth Road, Suite 100
Ottawa, Ontario, K1H-8M7



selling pace back to where it was in September. Also, the inventory of unsold homes continued to rise modestly.

Despite rising inventory of unsold homes, single-unit starts were 9.7% higher in December than 3 months earlier, and permits were 9.3% higher. Multi-unit starts were 5.5% higher but permits were 34.7% higher. The rising trend in multiple-unit construction may be fueling the gains in construction employment and hours.

Nonresidential construction, after a short-lived recovery this past Autumn, is contracting again. The value of new construction was 3.5% lower, deflated, in December than 3 months earlier.

PRODUCTION: Industrial output rose sharply in November (0.6%) and December (0.5%). Raw-material processing was 1.1% higher in December than 3 months before. Semi-finished goods were 1.6% higher. Finished consumer goods were up 2.2% and business equipment was 15.3% higher—largely due to gains in defense- and space-related output. Even energy production, the weak link in recent months, was rebounding in December. And, given the strong increase in hours worked in January, rising production most likely continued into the new year.

New orders for durable goods were only 1.1% higher in December than 3 months earlier. However, defense orders, which tend to move erratically, have slowed sharply. Except for defense, orders were up 5.5 percent. And, old orders are now being filled slightly slower than the new orders coming in.

INVENTORY: The rise in industrial output has been accompanied by only a modest rise in inventory. Total inventory was 0.1% higher in November than 3 months before. Auto inventory was pared by the earlier rise in car sales. Inventory, except autos at the retail level, was 0.3% higher. And industrial sales are now rising faster than new inventory, bringing the Inventory-to-Sales ratios down.

INFLATION: Except for food, raw commodity prices are recovering. The overall index rose 0.9% in January, and raw industrial prices increased 1.5 percent. Food prices declined 1% in January, following a 1.4% drop in December.

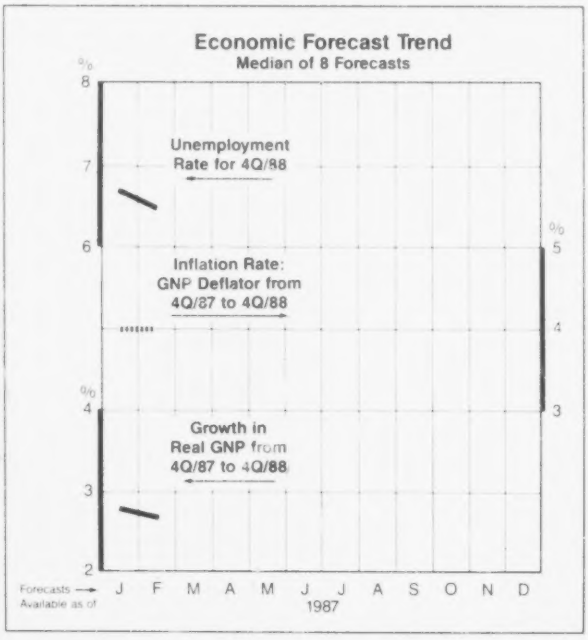
Farm prices are still falling and food prices are declining at the wholesale level. Nonfood, nonenergy prices, however, are rising slowly at the wholesale level.

INTERNATIONAL MONITOR

Despite a big drop in December, imports of nonelectric machinery were 12.4% higher that month than 3 months earlier. Electric machinery was 8% lower. Aircraft was down 15 percent. Transport equipment, except aircraft, was 12% lower—despite increased car shipments from Japan. Total manufactured imports were down 1.9 percent.

Manufactured exports have been rising, due chiefly to shipments of aircraft, which change hands capriciously. Aircraft exports were 22.3% higher in December than 3 months before. Nonelectric machinery was up 10.3 percent. But electric machinery was down 6.1% and transport equipment, except aircraft, was 16.8% lower. Exports to Japan and EEC countries have been rising, but exports to other developed countries have been falling. The lack of stronger economic growth in these countries clearly limits the expansion of exports.

Ken Goldstein
February 12, 1987

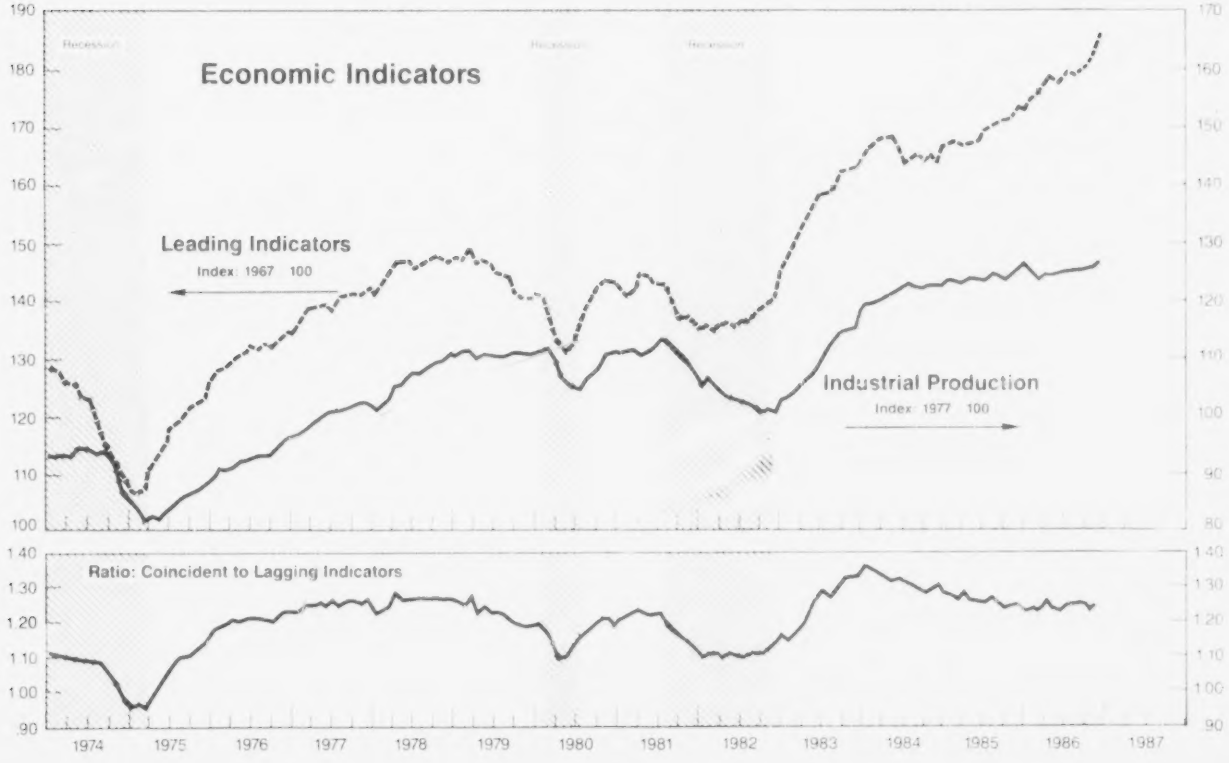


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Dec.	X			3.7%	7.2%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Dec	X			7.1%	4.0%
New orders, nondefense capital goods (deflated)	Dec	X			5.5%	3.0%
*New business formation	Dec			X	- 2.4%	2.5%
*Housing permits	Dec	X			19.2%	3.8%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Dec	X			4.1%	7.3%
*Change in inventory, on hand & order (deflated)	Nov.			X	- 5.9%	-16.2%
Purchasing agents' buying policy	Jan			X	- 4.0%	2.0%
*Vendor performance, reported slower deliveries	Jan		X		1.0%	9.0%
Industrial raw materials prices	Jan	X			7.4%	6.3%
*Change in sensitive material prices	Dec	X			2.4%	2.0%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Dec	X			1.6%	8.1%
Change in business loans	Dec	X			110.5%	55.7%
*Change in credit outstanding	Dec	X			11.1%	3.7%
Change in consumer installment debt	Dec			X	-91.4%	-76.5%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			5.1%	- 0.5%
*Common stock prices	Jan	X			11.4%	27.1%
Marginal Employment Adjustments						
*Average workweek, mfg	Jan	X			0.2hr	0.1hr
*Initial unemployment claims (inverted)	Dec		X		3.5%	9.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



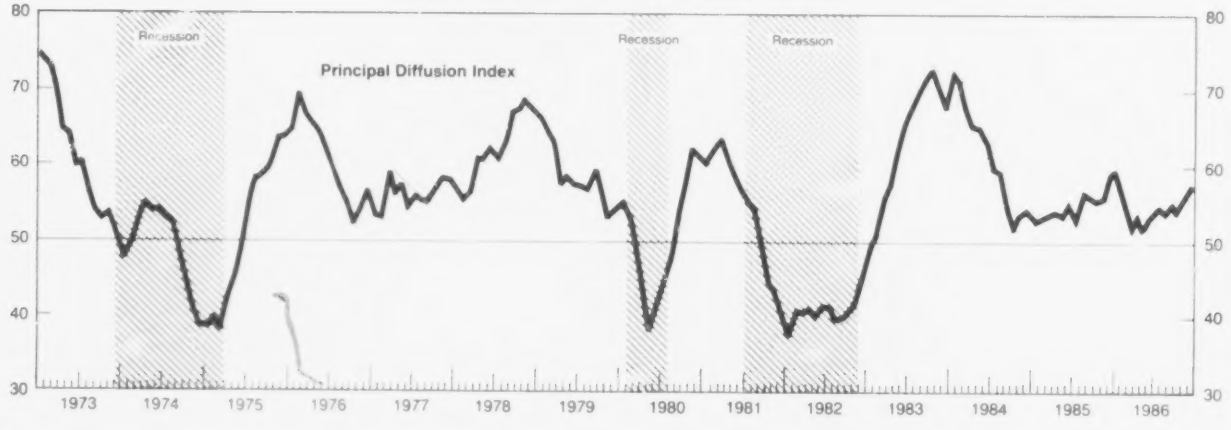
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1985 Dec.	1986 Sep.	Oct.	Nov.	Dec.(e)
Principal Diffusion Index	58.5	54.7r	54.0r	56.0r	57.6
Auxillary Diffusion Index	58.3	54.4r	47.7r	56.7r	55.2
Industrial Group	59.4	49.9r	52.8r	58.0r	59.0
Nonindustrial Group	57.6	59.4	55.1	54.0r	56.3
Sense of Diffusion	1	0	1	1	1
SUBGRC DIFFUSION INDEXES					
Industrial Subgroups					
Production	65.2	62.8	67.9	67.9r	73.5
Labor	62.7	46.8r	51.8r	58.3r	56.7
Miscellaneous	42.3	38.5	32.7	42.3	42.9
Nonindustrial Subgroups					
Prices	54.5	64.1	61.5	66.7	71.8
Consumer	67.9	75.2	69.7	64.1r	64.1
Building	50.0	43.3	36.5	38.1	39.7
Miscellaneous	54.3	51.3	48.7	46.2r	49.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984				*1985*				*1986*		
	Feb.	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Nov.*
	Score (scale 0-100)										
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50, Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

	1985				1986			Percent Change From Previous Year	
	I	II	III	IV	I	IIr	IIIp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	29.938	27.560	24.167	27.190	23.386	19.991	20.208	- 8	- 6
Capital expenditures	23.354	24.911	24.730	26.336	23.566	24.309	22.902	10	- 2
Change in appropriations backlog*	+ 4.984	+ 0.529	-2.702	-2.594	-2.368	-6.447	-4.644		
Durable Goods									
New appropriations	16.737	10.910	12.031	12.005	11.613	9.578	10.322	-13	9
Capital expenditures	11.648	12.814	12.299	12.676	11.479	11.880	12.567	15	5
Change in appropriations backlog*	+ 4.154	+ 2.515	-1.094	-3.063	-1.582	-3.824	-3.450		
Nondurable Goods									
New appropriations	13.201	16.650	12.136	15.185	11.773	10.413	9.886	- 2	-20
Capital expenditures	11.706	12.097	12.431	13.660	12.087	12.429	10.335	6	- 9
Change in appropriations backlog*	+ 0.830	+ 3.044	-1.608	+ 0.469	-0.786	-2.623	-1.194		
ELECTRIC & GAS UTILITIES									
New appropriations	9.370r	15.139r	5.093r	8.692r	9.084	5.094	5.044	- 3	
Capital expenditures	9.078r	9.366r	9.078r	8.417r	7.425	8.115	7.839	-2.0	
Change in appropriations backlog*	+ 0.363r	+ 4.662r	-4.984r	-0.261r	+ 1.773	-7.325	-0.028		

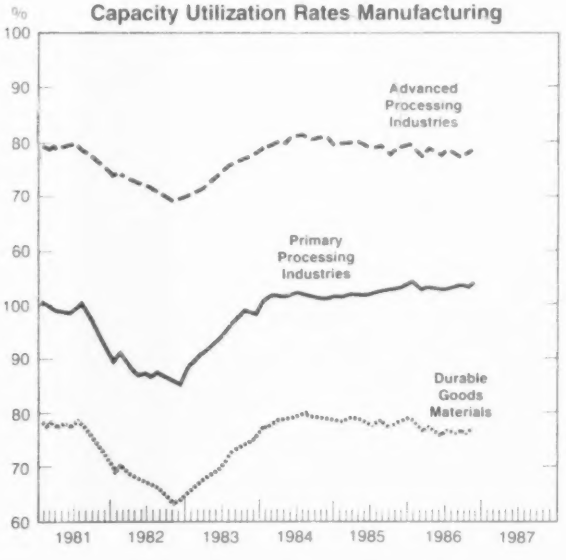
Available on request. Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments)

* Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin



ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Jan., 1987*		*Jan., 1987*		*Jan., 1987*		*Jan., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**IV**	**$4268.4**	**2.6%**	**$4268.4**	**2.6%**	**$4268.4**	**2.6%**	**$4268.4**	**2.6%**
	1987	I	4335.1	6.4	4312.3	4.2	4342.0	7.1	4332.5	6.1
		II	4411.5	7.2	4371.3	5.6	4428.8	8.2	4398.4	6.2
		III	4499.9	8.3	4445.3	6.9	4525.3	9.0	4459.4	5.7
		IV	4584.7	7.8	4527.5	7.6	4624.1	9.0	4525.7	6.1
	1988	I	4681.9	8.8	4615.7	8.0	4700.1	6.7	4602.1	6.9
		II	4770.5	7.8	4700.6	7.6	4779.7	6.9	4688.8	7.8
		III	4847.7	6.6	4788.8	7.7	4848.8	5.9	4790.0	8.9
		IV	4924.2	6.5	4882.7	8.1	4918.4	5.9	4875.9	7.4
	1989	I	5004.7	6.7						
Actual	**1986**	**Annual**	**4208.5**	**5.3**	**4208.5**	**5.3**	**4208.5**	**5.3**	**4208.5**	**5.3**
	1987	Annual	4457.6	5.9	4414.1	4.9	4480.1	6.5	4429.0	5.2
	1988	Annual	4806.1	7.8	4747.0	7.5	4811.8	7.4	4739.2	7.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**IV**	**$3702.4**	**1.7%**	**$3702.4**	**1.7%**	**$3702.4**	**1.7%**	**$3702.4**	**1.7%**
	1987	I	3737.8	3.9	3716.7	1.6	3727.0	2.7	3725.3	2.5
		II	3773.7	3.9	3714.0	-.3	3766.0	4.3	3746.5	2.3
		III	3817.9	4.8	3759.9	5.0	3806.0	4.3	3763.2	1.8
		IV	3861.6	4.7	3792.2	3.5	3847.0	4.4	3780.9	1.9
	1988	I	3907.2	4.8	3820.0	3.0	3878.0	3.3	3803.4	2.4
		II	3943.8	3.8	3845.2	2.7	3905.0	2.8	3830.7	2.9
		III	3966.4	2.3	3871.0	2.7	3923.0	1.9	3862.9	3.4
		IV	3991.9	2.6	3901.1	3.1	3941.0	1.8	3882.1	2.0
	1989	I	4013.7	2.2						
Actual	**1986**	**Annual**	**3676.5**	**2.5**	**3676.5**	**2.5**	**3676.5**	**2.5**	**3676.5**	**2.5**
	1987	Annual	3797.8	3.3	3745.7	1.9	3786.5	3.0	3754.0	2.1
	1988	Annual	3952.3	4.1	3859.3	3.0	3911.8	3.3	3844.8	2.4
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**IV**	**115.3**	**.9%**	**115.3**	**.9%**	**115.3**	**.9%**	**115.3**	**.9%**
	1987	I	116.0	2.4	116.0	2.6	116.5	4.3	116.3	3.6
		II	116.9	3.2	117.7	5.9	117.6	3.8	117.4	3.8
		III	117.9	3.3	118.2	1.8	118.9	4.5	118.5	3.8
		IV	118.7	3.0	119.4	4.0	120.2	4.4	119.7	4.1
	1988	I	119.8	3.8	120.8	4.9	121.2	3.4	121.0	4.4
		II	121.0	3.8	122.2	4.8	122.4	4.0	122.4	4.7
		III	122.2	4.2	123.7	4.9	123.6	4.0	124.0	5.3
		IV	123.4	3.8	125.2	4.8	124.8	3.9	125.6	5.3
	1989	I	124.7	4.4						
Actual	**1986**	**Annual**	**114.5**	**2.6**	**114.5**	**2.6**	**114.5**	**2.6**	**114.5**	**2.6**
	1987	Annual	117.4	2.5	117.8	2.9	118.3	3.4	118.0	3.1
	1988	Annual	121.6	3.6	123.0	4.4	123.0	4.0	123.2	4.5
Unemployment Rate										
Actual	**1986**	**IV**		**6.8%**		**6.8%**		**6.8%**		**6.8%**
	1987	I		6.8		6.8		6.9		6.7
		II		6.7		6.8		6.8		6.6
		III		6.5		6.8		6.8		6.6
		IV		6.3		6.7		6.7		6.7
	1988	I		6.1		6.7		6.8		6.7
		II		5.9		6.6		6.8		6.5
		III		5.8		6.6		6.9		6.4
		IV		5.7		6.5		6.9		6.4
	1989	I		5.7						
Actual	**1986**	**Annual**		**7.0**		**7.0**		**7.0**		**7.0**
	1987	Annual		6.6		6.8		6.8		6.7
	1988	Annual		5.9		6.6		6.9		6.5

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) third quarter data.

[2]Based on preliminary fourth quarter data.

ECONOMIC FORECASTS (continued)

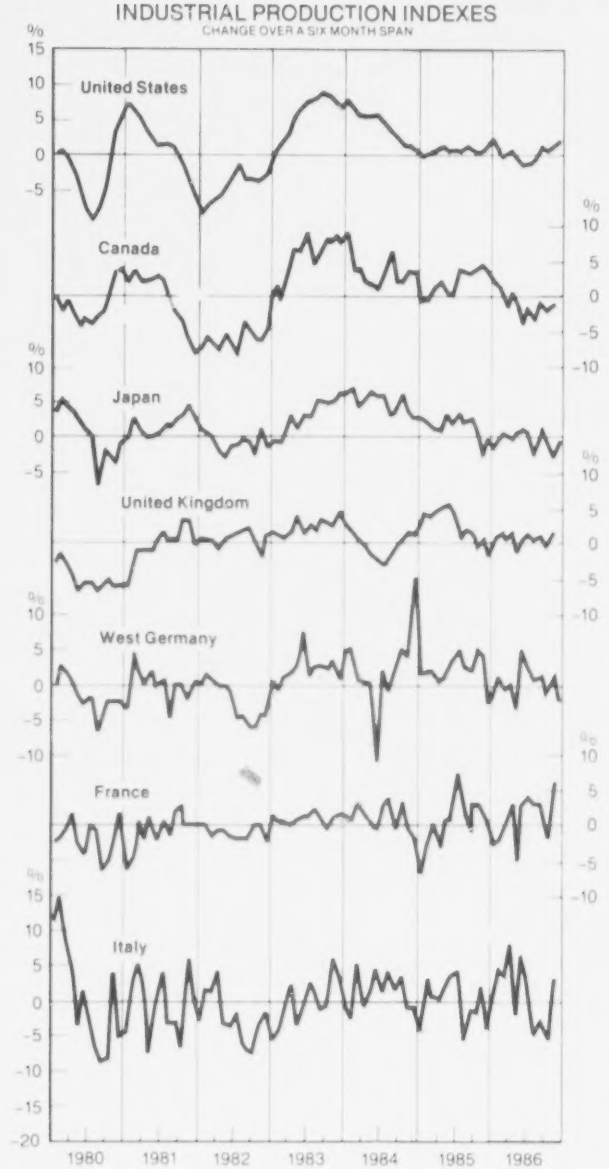
The Conference Board[1]		Chase Econometric[2] Associates, Inc.		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
Dec., 1986		Jan., 1987		Jan., 1987		Jan., 1987		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
		$4268.4	**2.6%**	**$4268.4**	**2.6%**	**$4268.6**	**2.6%**	**IV**	**1986**	**Actual**
$4348.0	4.7%	4324.4	5.4	4321.3	5.1	4335.2	6.4	I	1987	
4410.0	5.8	4385.5	5.8	4389.5	6.5	4412.9	7.4	II		
4487.0	7.2	4452.6	6.3	4466.5	7.2	4498.1	7.9	III		
4573.0	7.9	4517.8	6.0	4533.0	6.1	4589.6	8.4	IV		
4664.0	8.2	4580.8	5.7	4619.0	7.8	4685.5	8.6	I	1988	
4749.0	7.5	4649.4	6.1	4696.8	6.9	4776.3	8.0	II		
4800.0	4.4	4721.9	6.4	4760.9	5.6	4863.2	7.5	III		
4858.0	4.9	4800.5	6.8	4824.5	5.5	4947.9	7.2	IV		
		4880.3	6.8	4892.8	5.8	5033.4	7.1	I	1989	
		4208.5	**5.3**	**4208.5**	**5.3**	**4208.5**	**5.3**	**Annual**	**1986**	**Actual**
4454.5	5.7	4420.1	5.0	4427.6	5.2	4459.0	6.0	Annual	1987	
4767.8	7.0	4688.2	6.1	4725.3	6.7	4818.2	8.1	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
		$3702.4	**1.7%**	**$3702.4**	**1.7%**	**$3702.4**	**1.7%**	**IV**	**1986**	**Actual**
$3719.5	1.2%	3721.7	2.1	3725.2	2.5	3730.3	3.0	I	1987	
3740.7	2.3	3748.8	2.9	3756.9	3.4	3761.3	3.4	II		
3767.5	2.9	3773.7	2.7	3792.8	3.9	3795.7	3.7	III		
3798.2	3.3	3800.6	2.9	3824.2	3.4	3831.9	3.9	IV		
3829.2	3.3	3823.1	2.4	3862.9	4.1	3871.7	4.2	I	1988	
3854.7	2.7	3843.9	2.2	3892.3	3.1	3905.1	3.5	II		
3861.6	.7	3868.5	2.6	3908.5	1.7	3932.9	2.9	III		
3874.1	1.3	3895.9	2.9	3928.3	2.0	3956.3	2.4	IV		
		3921.5	2.7	3945.0	1.7	3975.9	2.0	I	1989	
		3676.5	**2.5**	**3676.5**	**2.5**	**3676.5**	**2.5**	**Annual**	**1986**	**Actual**
3756.5	2.1	3761.2	2.3	3774.8	2.7	3779.8	2.8	Annual	1987	
3854.9	2.6	3857.9	2.6	3898.0	3.3	3916.5	3.6	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
		115.3	**.9%**	**115.3**	**.9%**	**115.3**	**.9%**	**IV**	**1986**	**Actual**
116.9	3.5%	116.2	3.2	116.0	2.5	116.2	3.3	I	1987	
117.9	3.4	117.0	2.7	116.8	2.9	117.3	3.9	II		
119.1	4.2	118.0	3.5	117.8	3.2	118.5	4.1	III		
120.4	4.4	118.9	3.0	118.5	2.6	119.8	4.4	IV		
121.8	4.7	119.8	3.2	119.6	3.6	121.0	4.2	I	1988	
123.2	4.7	121.0	3.8	120.7	3.7	122.3	4.3	II		
124.3	3.6	122.1	3.7	121.8	3.8	123.7	4.5	III		
125.4	3.6	123.2	3.9	122.8	3.3	125.1	4.6	IV		
		124.4	4.1	124.0	4.0	126.6	5.0	I	1989	
		114.5	**2.6**	**114.5**	**2.6**	**114.5**	**2.6**	**Annual**	**1986**	**Actual**
118.6	3.4	117.5	2.7	117.3	2.5	118.0	3.0	Annual	1987	
123.7	4.3	121.5	3.4	121.2	3.4	123.0	4.3	Annual	1988	
								Unemployment Rate		
			6.8%		**6.8%**		**6.8%**	**IV**	**1986**	**Actual**
	7.2%		6.9		6.8		6.8	I	1987	
	7.3		6.9		6.8		6.8	II		
	7.3		6.9		6.7		6.7	III		
	7.1		6.9		6.6		6.6	IV		
	6.9		6.9		6.4		6.4	I	1988	
	6.9		6.9		6.3		6.3	IV		
	7.3		6.9		6.2		6.2	III		
	7.4		6.8		6.2		6.2	IV		
			6.8		6.2		6.2	I	1989	
	7.0		**7.0**		**7.0**		**7.0**	**Annual**	**1986**	**Actual**
	7.2		6.9		6.7		6.7	Annual	1987	
	7.1		6.9		6.3		6.3	Annual	1988	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

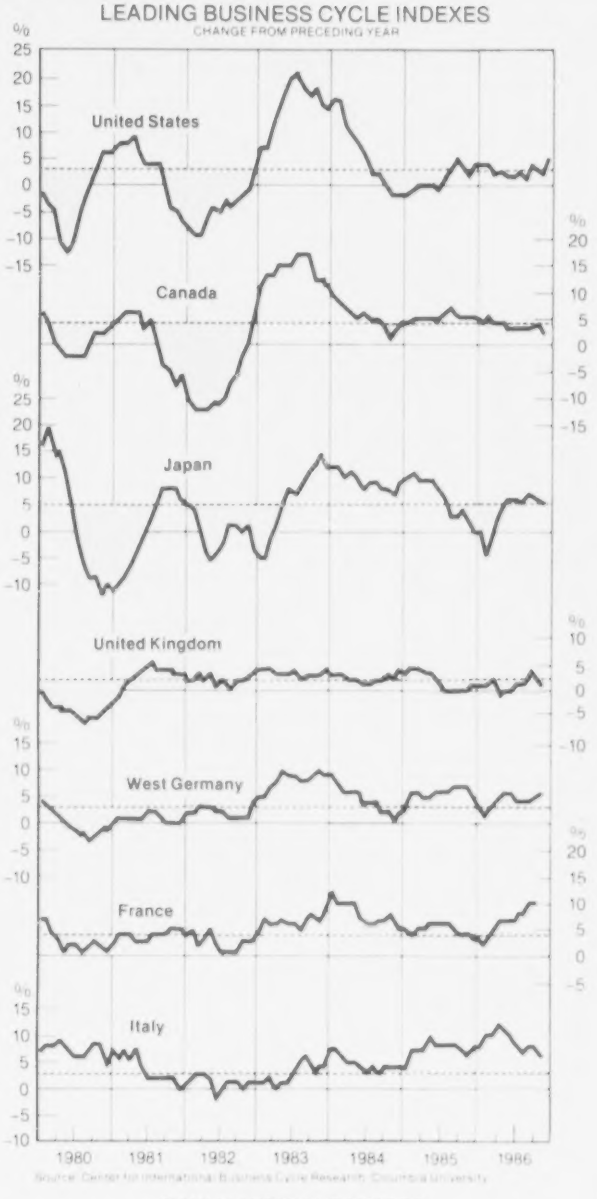
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR



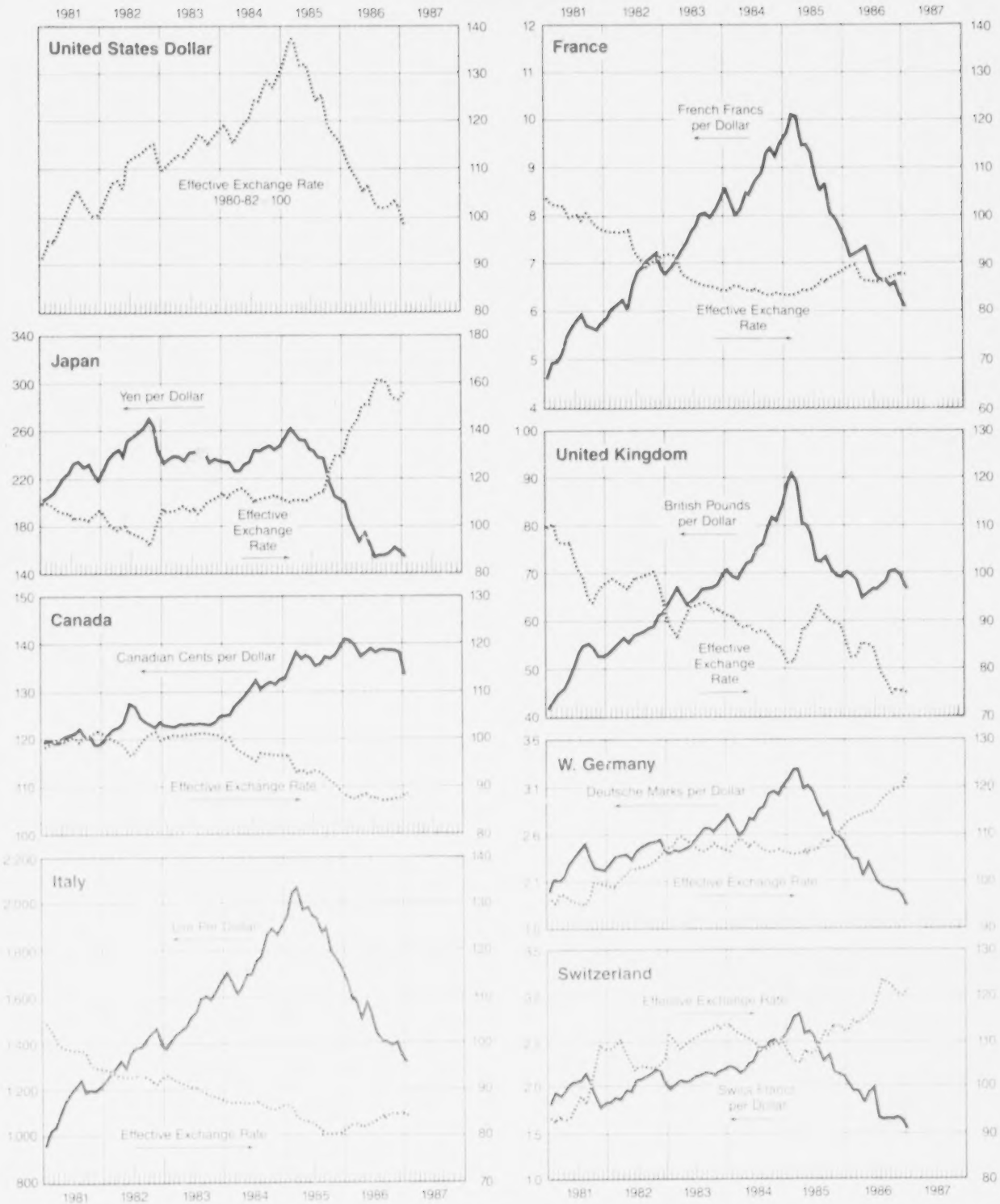
Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES

Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

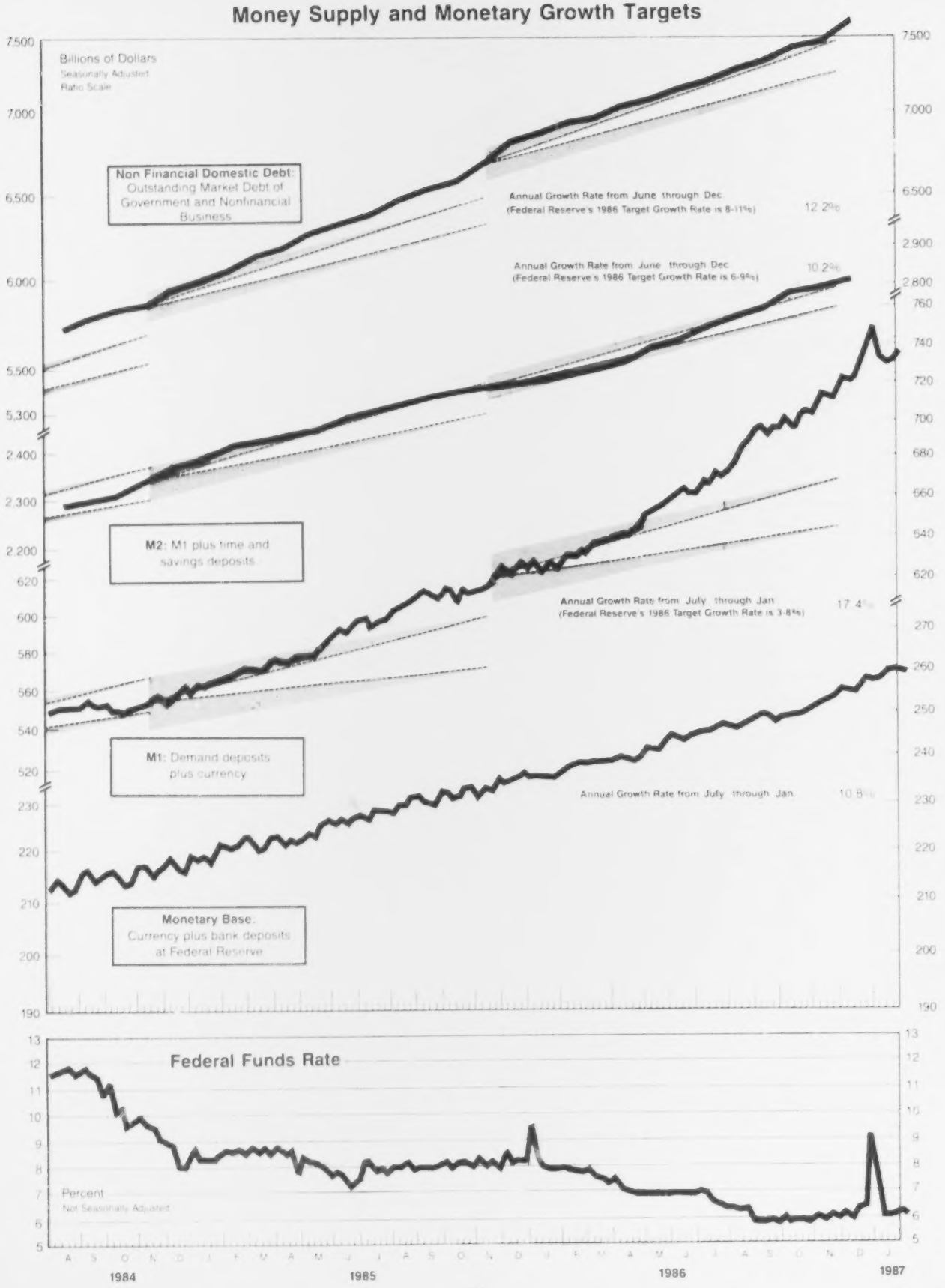
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987		Fiscal 1988
	Actual	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate
		(1/5/87)	(8/4/86)	(1/5/87)
Receipts	**$769.1**	**$842.4**	**$852.4**	**$ 916.6**
Outlays	**989.8**	**1,015.6**	**995.0**	**1,024.3**
Deficit	**-220.7**	**-173.2**	**-142.6**	**-107.8**
Receipts by source	**$769.1**	**$842.4**	**$852.4**	**$ 916.6**
Individual income	349.0	364.0		392.8
Social security	283.9	301.5		333.2
Corporate income	63.1	104.8		117.2
Other receipts	73.1	72.1		73.4
Outlays by function	**$989.8**	**$1,015.6**	**$995.0**	**$1,024.3**
National defense	273.4	282.2	279.2	297.6
Social security	269.0	279.5	282.7	292.4
Income security	119.8	124.9	121.8	124.8
Health	35.9	39.7	38.3	38.9
Education & manpower	29.7	29.8	30.6	28.4
Veterans benefits	26.4	26.7	26.6	27.2
Transportation	28.1	27.0	25.9	25.5
Agriculture	31.4	31.1	23.5	26.3
International affairs	14.2	14.6	14.0	15.2
Natural resources	13.6	13.9	12.6	14.2
General science	9.0	9.5	8.9	11.4
Justice	6.6	8.3	7.2	9.2
General government	6.1	6.6	5.5	7.5
Community development	7.5	6.2	7.0	5.5
Commerce, Housing credit	4.4	9.3	2.1	2.5
Energy	4.7	3.8	3.5	3.3
Revenue sharing	6.4	1.9	2.8	1.5
Interest	136.0	137.5	143.7	139.0
Allowances	0.0	0.0	- 0.1	- 0.8
Offsetting receipts	- 33.0	- 37.1	- 40.3	- 45.4

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	**$4,218.0**	**$4,493.0**	**$4,504.0**	**$4,836.0**
Constant (1982) Dollar	**3,681.0**	**3,794.0**	**3,810.0**	**3,928.0**
Percent change in				
Current dollar	5.5%	6.5%	6.8%	7.2%
Constant (1982) dollar	2.7	3.1	3.4	3.5%
Implicit price index	2.8	3.3	3.3	3.5
Consumer price index	1.6	3.0	3.3	3.6
91-Day T bill rate	6.0	5.4	6.4	5.6
Unemployment rate	6.9	6.7	6.7	6.3

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from June through Dec.
(Federal Reserve's 1986 Target Growth Rate is 8-11%)
12.2%
Annual Growth Rate from June through Dec.
(Federal Reserve's 1986 Target Growth Rate is 6-9%)
10.2%
M2: M1 plus time and savings deposits
Annual Growth Rate from July through Jan.
(Federal Reserve's 1986 Target Growth Rate is 3-8%)
17.4%
M1: Demand deposits plus currency
Annual Growth Rate from July through Jan.
10.8%
Monetary Base: Currency plus bank deposits at Federal Reserve
Federal Funds Rate
Percent
Not Seasonally Adjusted
1984
1985
1986
1987

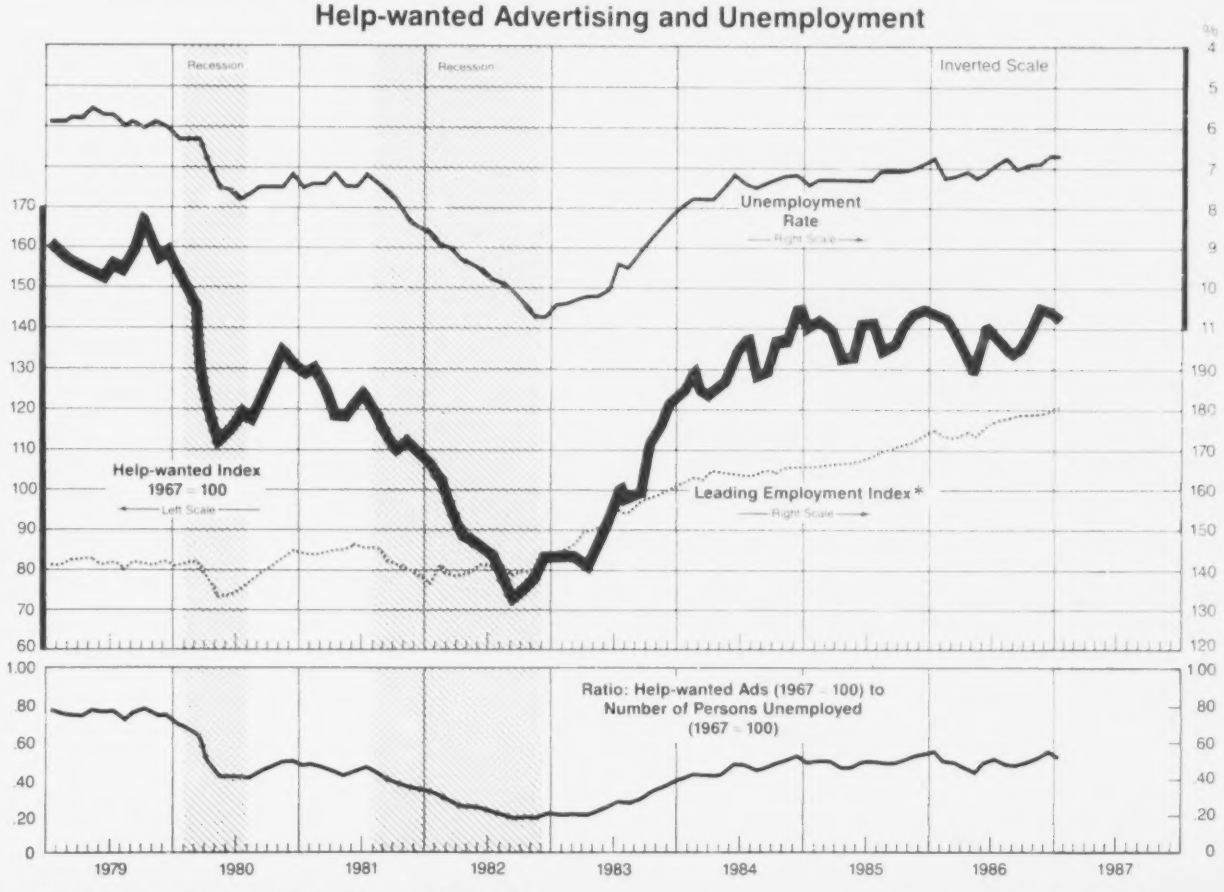
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1986 Dec.	1986 Nov.	1986 Oct.	1985 Dec.
National Index	145	147r	141	145r
New England	168	179r	171	157r
Boston	164	184r	175	159
Hartford	187	182	183	171r
Providence	163	161	149	136
Middle Atlantic	82	85	82	74
Albany	175	190	286	162
Allentown	338	306	282	209
New York	58	64	58	53
Philadelphia	75	78	71	73
Pittsburgh	91	87	79	88
Rochester	94	90	81	96
Syracuse	145	150	144	122
East North Central	105	99	93	96
Chicago	121	109	105	104
Cincinnati	185	151	144	133
Cleveland	65	65	59	65
Columbus	172	177	163	161
Dayton	79	84	76	90
Detroit	58	62	57	72
Gary	150	139	118	117
Indianapolis	117	117	100	102
Milwaukee	68	67	65	62
Toledo	127	128	115	128
West North Central	98	107	95	90
Kansas City	181	187	165	141
Minneapolis	79	88	79	79
Omaha	116	129	122	109
St. Louis	62	71	63	67
South Atlantic	202	206	197	194
Atlanta	263	281	270	289
Baltimore	254	233	231	223
Charlotte	171	175	173	149
Jacksonville	233	237	221	230
Miami	89	101	103	76
Richmond	147	137	131	128
Washington, D.C.	196	208r	190	190
East South Central	152	147	150	155r
Birmingham	164	164	158	179r
Knoxville	233	213	227	204
Louisville	92	89	83	102
Memphis	120	119	94	114
Nashville	201	191	236	211
West South Central	165	161	152	253
Dallas	173	165	161	421
Houston	218	216	202	273
New Orleans	108	107	99	108
Oklahoma City	106	100	89	125
San Antonio	137	142	141	165
Tulsa	133	121	102	157
Mountain	297	297	281	323
Denver	194	180	175	205
Phoenix	405	447	419	463
Salt Lake City	346	313	292	354
Pacific	217	226	221	201
Los Angeles	148	158	147	148
Sacramento	419	434	393	376
San Bernadino	263	268	271	231
San Diego	531	496	569	461
San Francisco	214	235	224	191
Seattle	205	219	213	189
Percentage of papers with rising volume	45	86	78	65
Unemployment rate	6.7	6.9	6.9	7.0

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977)
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

REVISED

Consumer Confidence Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.6	97.3	97.6	95.4	97.9	97.1	95.7	91.1	92.2	89.8	89.8	93.6
1987	85.6p											

Buying Plans Index

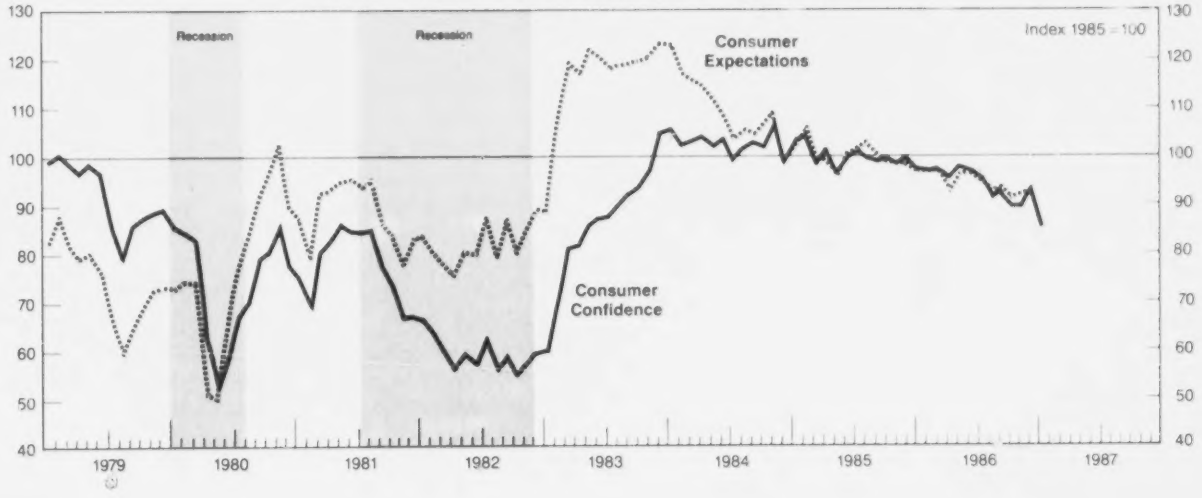
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	96.5p											

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

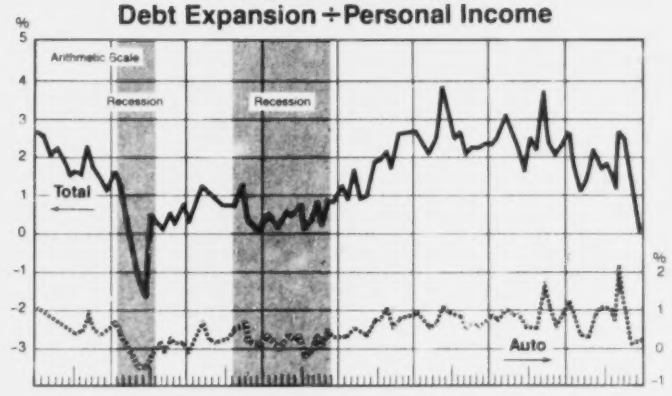
p—preliminary

Consumer Confidence and Expectations



ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes. For more information, contact Linette Waters at (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

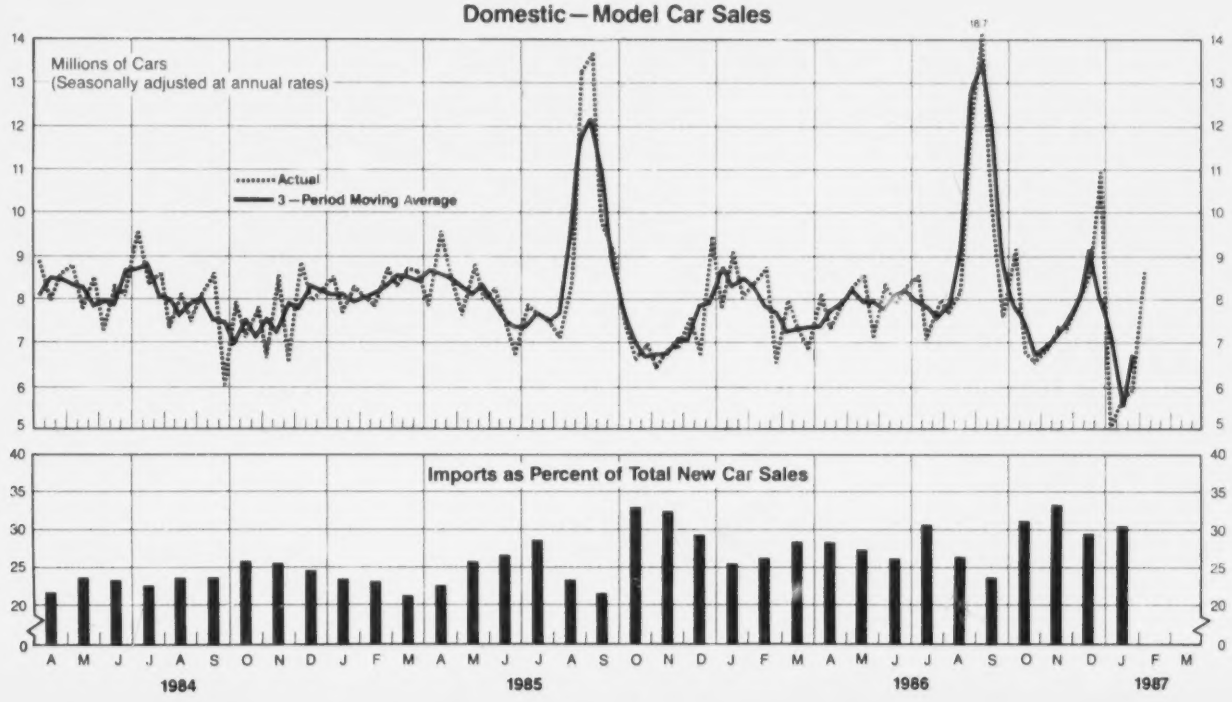
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February:	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	
	21-28(29)	7.60	8.69	6.47	
March:	1-10	7.35	8.27	7.93	
	11-20	8.13	8.73	7.23	
	21-31	7.35	8.67	6.81	
April:	1-10	8.88	7.84	8.06	
	11-20	7.96	9.48	7.25	
	21-30	8.60	8.42	7.92	
May:	1-10	8.19	7.60	8.30	
	11-20	7.74	8.78	8.57	
	21-31	8.43	7.96	7.09	
June	1-10	7.22	8.21	8.27	
	11-20	8.25	7.51	7.84	
	21-30	8.10	6.71	8.30	
July:	1-10	9.51	7.81	8.50	
	11-20	8.32	7.63	7.03	
	21-31	8.59	7.57	7.96	
August:	1-10	7.33	7.09	7.64	
	11-20	8.07	8.30	8.19	
	21-31	7.43	13.23	11.65	
September:	1-10	8.13	13.64	18.67	
	11-20	8.52	9.70	9.87	
	21-30	6.03	9.10	7.58	
October:	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November:	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December:	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
18.7
Imports as Percent of Total New Car Sales
A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M
1984
1985
1986
1987